

**MINUTES OF SPECIAL MEETING
OF
BOARD OF EDUCATION, SCHOOL DISTRICT NO. 172
ADAMS COUNTY, ILLINOIS
HELD ON AUGUST 29, 2011**

Meeting Convened

The Board of Education of School District No. 172, Adams County, Illinois, met in special session on August 29, 2011 at 5:00 p.m. in the Board of Education Office, Room 214 located at 1416 Maine Street, Quincy, Illinois, in said school district.

Roll Call

The meeting was called to order by President Daniels, who directed the secretary to call the roll. On the call of the roll, the following members were present and answered to their names: Members Daniels, Erwin, Krause, Niekamp, and Stone; and the following members were absent: Members Dickerson and Mays. Whereupon the president declared that a quorum was present.

Questions and Comments

President Daniels opened the meeting to questions and comments to members of the Board, by members of the public and employees of the district, in compliance with state statutes. Jeff Kerkhoff questioned whether the District expects any repeat findings in this year's audit.

Arrival of Member Mays

Member Mays arrived at 5:05 p.m. which was duly recorded by the Board Secretary.

Finance

President Daniels said the focus of this meeting of the committee of the whole is to review issues of District finance. He introduced Bud Martin, Business Manager. Mr. Martin explained some of the key aspects of school funding and requirements for schools. The School Code of Illinois provides the rules and regulations for schools and the financial tools for funding. He said when candidates run for a position on the school board, they appeal to the voters. Once they are elected and take the oath of office, by law the children are their new constituency. All financial decisions must be made to meet the needs of the children. The annual financial cycle was reviewed and the types of funding. There are four sources of revenue including local, state, federal, and borrowed. Mr. Martin explained the state aid formula and how increases in property values increase local revenue but reduce the district's aid from the state.

Historical data was presented on the Education Fund 1991 through the present which showed deficit spending most years. Over the years, when red flags appeared and the district faced difficult educational program decisions, the choice was made to continue to meet the needs of students. The money was spent on kids. Contributing to the deficit is the increase in special education costs and shortfalls in funding from the state. The Education Fund is currently \$5 million in the red.

A major issue is the District's financial profile as determined by the state. Quincy has been on the ISBE financial watch list but will be downgraded to financial difficulty status after the district's audit is received by the state in December. Financial difficulty status will require the district to develop a deficit reduction plan. The Board will begin working on the plan prior to the December timeframe. The District's Bond Rating (BBB-) will mean the District will pay more to borrow money.

The goal of the District is to be financially solvent, with enough revenue to pay expenses. In addition to improving the district's financial picture short term, the Board of Education would like to plan for the future. The Board may look long term at building new schools to replace century old buildings once debt is paid down in 2015. This would save the district the large amount of money needed to maintain and repair the aged structures. The Board would then need to look at the organization and boundaries of the elementary schools.

In the future, changes in the way Illinois funds schools may help districts that are struggling financially. Mr. Martin said the current property tax system in Illinois is antiquated, inefficient, inconsistent, and unfair. An option would be to decrease the property rate and replace with a county sales tax. The Board could also consider asking voters to approve an increase in the district's education rate which has been at \$1.84 for over 20 years.

Board President Bill Daniels said the next board meeting of the whole will cover building issues which will dovetail with finances.

Executive Session

It was moved by Member Krause and seconded by Member Mays that the Board suspend the rules and go into executive session to discuss collective bargaining. On the call of the roll, the following members voted Aye: Members Daniels, Erwin, Krause, Mays, Niekamp and Stone; and the following member voted Nay: None; and the following member was absent: Member Dickerson. Whereupon the president declared the motion carried.

Exit of Member Niekamp

Member Niekamp exited the meeting prior to executive session at 6:40 p.m. which was duly recorded by the Board Secretary.

Resumption of Rules

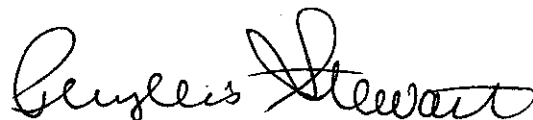
It was moved by Member Krause and seconded by Member Stone to resume the conduct of the special meeting under rules. On the call of the roll, the following members voted Aye: Members Daniels, Erwin, Krause, Mays, and Stone; and the following member voted Nay: None; and the following members were absence: Members Dickerson and Niekamp. Whereupon the president declared the motion carried.

Adjournment

It was moved by Member Mays and seconded by Member Erwin that the special meeting adjourn. On the call of the roll, the following members voted Aye: Members Daniels, Dickerson, Erwin, Krause, and Stone; and the following members voted Nay: None; and the following members were absent: Member Dickerson and Niekamp. Whereupon the president declared the motion carried and the special meeting was duly adjourned.



Bill Daniels
President



Phyllis Stewart
Secretary